LEGISLATIVE AUDITOR
2007 JAN 23 AM 10: 36

TOWN OF GRAND COTEAU, LOUISIANA

Financial Report

For the Year Ended June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-31-07

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| FINANCIAL SECTION | |
| BASIC FINANCIAL STATEMENTS | |
| Government-wide Financial Statements | |
| Statement of Net Assets | 6 |
| Statement of Activities | 7-8 |
| Fund Financial Statements | |
| Balance sheet - Governmental Funds | 10 |
| Reconciliation of the Governmental Funds' Balance Sheet | |
| to the Statement of Net Assets | 11 |
| Statement of Revenues, Expenditures, and Changes in Fund | |
| Balances - Governmental Funds | 12 |
| Reconciliation of the Statement of Revenues, Expenditures, | |
| and Changes in Fund Balances of Governmental Funds to the | |
| Statement of Activities | 13 |
| Statement of Net Assets - Proprietary Funds | 14-15 |
| Statement of Revenues, Expense, and Changes in Net | |
| Assets - Proprietary Funds | 16 |
| Statement of Cash Flows | 17-18 |
| Statement of Fiduciary Net Assets | 19 |
| Notes to Basic Financial Statements | 20-40 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| BUDGETARY COMPARISON SCHEDULES | |
| General Fund | 42 |
| Sales Tax Fund | 43 |
| OTHER SUPPLEMENTARY INFORMATION | |
| MAJOR GOVERNMENTAL FUNDS | |
| General Fund – | |
| Balance Sheet | 47 |
| Statement of Revenues, Expenditures and Changes in Fund | 48 |
| Balance – Budget and Actual | .0 |
| Detailed Schedule of Revenues – Budget and Actual | 49 |
| Detailed Schedule of Expenditures - Budget and Actual | 50-52 |

TABLE OF CONTENTS (CONTINUED)

| | Page |
|--|----------|
| Special Revenue Fund - Sales Tax Fund Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 54 55 |
| COMPLIANCE AND INTERNAL CONTROL | |
| Report on Compliance and Other Matters and on Internal Control over Financial Reporting Based On an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 57-58 |
| Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan | 59-69 |
| OTHER SUPPLEMENTARY SCHEDULES | |
| Enterprise Funds – Schedule of Operating Expenses | 71-72 |
| Combined Schedule of Bonds Payable | 73 |
| Combined Schedule of Investments - All Funds | 74 |
| Schedule of Insurance in Force (Unaudited) | 75 |
| Schedule of Compensation Paid to Mayor and Council | 76 |

VIGE, TUJAGUE 🧠 NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2™ STREET P. O. BOX 1006 EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A. FRANK G. TUJAGUE, C.P.A. DOMINIQUE M. NOEL, C.P.A. TELEPHONE: 337-457-9324 FAX: 337-457-8743

INDEPENDENT AUDITOR'S REPORT

The Honorable Jean C. Coco, Mayor, and Members of the Board of Aldermen Grand Coteau, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 3, 2006, on our consideration of the Town of Grand Coteaus' internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information on pages 42 through 43 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Town of Grand Coteau has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Grand Coteau, Louisiana's basic financial statements. The other supplementary information on pages 47 through 76 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vige, Tujague & Noël

Vige Tryagan & Noel

November 3, 2006

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

The Town of Grand Coteau's basic financial statements are comprised of the following three components:

<u>Government-wide financial statements</u> - provides readers with a broad overview of the Town of Grand Coteau's finances in a manner similar to a private sector business.

<u>Fund financial statements</u> - provides readers information with an emphasis on inflows and outflows of resources useful for making decisions in a budgetary context where the focus is on meeting the Town's near-term financial needs.

<u>Notes to basic financial statements</u> - provides additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF GRAND COTEAU, LOUISIANA STATEMENT OF NET ASSETS JUNE 30, 2006

| | PRIMARY GOVERNMENT | | | |
|---|--------------------|--------------------|------------------|--|
| • | Governmental | e | | |
| | <u>Activities</u> | <u>Activities</u> | <u>Total</u> | |
| AS <u>SETS</u> | | | | |
| Cash and cash equivalents | \$ 174,912 | \$ 58,156 | \$ 233,068 | |
| Investments | - | 1,078 | 1,078 | |
| Receivables (net of allowance for | | | | |
| uncollectibles) | 17,096 | 57,362 | 74,458 | |
| Due from other governments | 32,041 | - | 32,041 | |
| Internal balances | (7,101) | 7,101 | - | |
| Restricted assets | - | 225,270 | 225,270 | |
| Prepaid expense | 26,731 | 9,817 | 36,548 | |
| Capital assets (net) | <u> 784,294</u> | 2,550,021 | <u>3,334,315</u> | |
| | | | | |
| <u>Total assets</u> | 1,027,973 | 2,908,805 | <u>3,936,778</u> | |
| | | | | |
| | | | | |
| <u>LIABILITIES</u> | | | | |
| Accounts payable and accrued expenses | 61,738 | 24,336 | 86,074 | |
| Payable from restricted assets | - | 47,067 | 47,067 | |
| Long-term liabilities | | | | |
| Due within one year | 15,134 | 37,676 | 52,810 | |
| Due in more than one year | <u> 28,677</u> | <u>392,282</u> | <u>420,959</u> | |
| | | -0 | | |
| Total liabilities | <u>105,549</u> | <u>501,361</u> | 606,910 | |
| NET ACCIONO | | | | |
| NET ASSETS | 740 403 | 2 120 072 | 0.000.046 | |
| Invested in capital assets, net of related debt | 740,483 | 2,120,063 | 2,860,546 | |
| Restricted for | | 50.005 | 50.005 | |
| Customers' deposits | - | 50,905 | 50,905 | |
| Bond retirement | 101.041 | 137,015 | 137,015 | |
| Unrestricted | <u> 181,941</u> | <u>99,461</u> | <u>281,402</u> | |
| Total net assets | <u>\$ 922,424</u> | <u>\$2,407,444</u> | \$3,329,868 | |

TOWN OF GRAND COTEAU, LOUISIANA STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2006

| | | | Program Revenues | | | | | |
|--------------------------------|-----------|----------------|------------------|----------------------------------|----------------|-------|----------------------------------|----------|
| Functions / Programs | <u> </u> | <u>xpenses</u> | and | s, Fines, Charges Services | ges Grants and | | Capital Grants and Contributions | |
| Governmental Activities | • | | • | | • | | • | |
| General government | \$ | 229,141 | \$ | - | \$ | - | \$ | - |
| Public safety | | 309,275 | | 85,658 | | 1,224 | | 10,630 |
| Public works | | 111,343 | | - | | - | | - |
| Culture and recreation | | 5,616 | | - | | - | | - |
| Interest on debt | | 2,448 | | _ | | _ | | <u>-</u> |
| Total governmental activities | | 657,823 | _ | 85,658 | | 1,224 | . – | 10,630 |
| Business-type Activities | | | | | | | | |
| Gas | | 363,345 | | 378,027 | | - | | - |
| Water | | 116,812 | | 120,275 | | _ | | - |
| Sewer | | 182,170 | | 107,466 | | - | | 14,600 |
| Total business-type activities | _ | 662,327 | _ | 605,768 | _ | | _ | 14,600 |
| Total primary government | <u>\$</u> | 1,320,150 | <u>\$</u> | <u>691,426</u> | <u>\$_</u> | 1,224 | <u>\$</u> | 25,230 |

General Revenues

Taxes

Property taxes, levied for general purpose

Sales tax, levied for general purposes

Franchise taxes

Interest and investment earnings

Occupational licenses and other permits

Intergovernmental

Miscellaneous

Transfers

Total general revenues and transfers

Changes in net assets

Net assets - July 1, 2005

Prior period adjustment

Net assets - June 30, 2005

Continued on next page

Net (Expense) Revenues and Changes in Net Assets

| \$ | Governmental <u>Activities</u> (229,141) (211,763) (111,343) (5,616) | Business-Type Activities \$ | Total \$ (229,141) (211,763) (111,343) (5,616) |
|-----------|--|---|--|
| | (2,448) | - | (2,448) |
| | (560,311) | - | (560,311) |
| | (560,311) | 14,682 3,463 (60,104) (41,959) (41,959) | 14,682 3,463 (60,104) (41,959) (602,270) |
| | | | |
| | 18,250 | - | 18,250 112,568 |
| | 112,568 70,404 | - - | 70,404 |
| | - | 2,744 | 2,744 |
| | 27,115 | - | 27,115 |
| | 353,838 | - | 353,838 |
| | 19,192 | - | 19,192 |
| _ | (315) | 315 | |
| _ | 601,052 | 3,059 | 604,111 |
| - | 40,741 887,786 (6,103) | (38,900) 2,446,344 | 1,841 3,334,130 (6,103) |
| <u>\$</u> | 922,424 | <u>\$ 2,407,444</u> | <u>\$ 3,329,868</u> |

FUND FINANCIAL STATEMENTS

TOWN OF GRAND COTEAU, LOUISIANA BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2006

| | | Sales Tax | |
|---|-------------------|------------------|-------------------|
| <u>ASSETS</u> | <u>General</u> | <u>Fund</u> | <u>Total</u> |
| Cash and cash equivalents | \$ 160,742 | \$ 14,170 | \$ 174,912 |
| Receivables net of allowance for uncollectibles | | | |
| Taxes | 890 | - | 890 |
| Franchise | 15,986 | - | 15,986 |
| Intergovernmental | 32,041 | - | 32,041 |
| Other | 220 | , - | 220 |
| Due from other funds | 35 | | 35 |
| Total assets | <u>\$ 209,914</u> | <u>\$ 14,170</u> | <u>\$ 224,084</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Accounts payable | \$ 25,157 | \$ - | \$ 25,157 |
| Due to other funds | 21,325 | | 21,325 |
| Total liabilities | <u>46,482</u> | - | 46,482 |
| FUND BALANCES | | | |
| Unreserved, undesignated | 163,432 | 14,170 | 177,602 |
| Total fund balances | <u>163,432</u> | <u> 14,170</u> | <u>177,602</u> |
| Total liabilities and fund balances | <u>\$ 209,914</u> | <u>\$ 14,170</u> | <u>\$ 224,084</u> |

TOWN OF GRAND COTEAU, LOUISIANA RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2006

| Total fund balances for governmental funds at June 30, 2006 | | \$ 177,602 |
|--|---------------------------------|------------------|
| Cost of capital assets at June 30,2006 | \$ 1,294,152 | |
| Less: Accumulated depreciation as of June30,2006 | (509,858) | 784,294 |
| Prepaid expenses net of insurance payable of \$22,392 at June 30, 2006 | | 4,339 |
| Long-term liabilities at June 30, 2006 Capital leases payable Bonds payable Compensated absences payable | (14,526) (25,785) (3,500) | <u>(43,811</u>) |
| Net assets at June 30, 2006 | | \$ 922,424 |

TOWN OF GRAND COTEAU, LOUISIANA STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2006

| | | Sales Tax | |
|--------------------------------------|-------------------|------------------|-------------------|
| | <u>General</u> | <u>Fund</u> | <u>Total</u> |
| REVENUES | | | |
| Taxes | \$ 88,654 | \$ 112,568 | \$ 201,222 |
| Licenses and permits | 27,115 | - | -27,115 |
| Intergovernmental | 365,692 | - | 365,692 |
| Fines and forfeits | 85,658 | - | 85,658 |
| Miscellaneous revenues | <u> 19,188</u> | 4 | 19,192 |
| Total revenues | 586,307 | 112,572 | 698,879 |
| EXPENDITURES | | , | |
| Current | | | |
| Executive and administrative | 208,550 | 1,125 | 209,675 |
| Street department | 86,232 | - | 86,232 |
| Police department | 295,019 | - | 295,019 |
| Fire department | 13,046 | - | 13,046 |
| Park department | 4,816 | - | 4,816 |
| Debt service | <u>24,404</u> | | <u>24,404</u> |
| Total expenditures | 632,067 | 1,125 | 633,192 |
| EXCESS (DEFICIENCY) OF | | | |
| REVENUES OVER (UNDER) EXPENDITURES | (45,760) | <u>111,447</u> | <u>65,687</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 150,033 | - | 150,033 |
| Transfers out | <u>(26,837)</u> | (123,511) | (150,348) |
| Total other financing sources (uses) | <u>123,196</u> | (123,511) | (315) |
| EXCESS (DEFICIENCY) OF REVENUES AND | | | |
| OTHER SOURCES OVER (UNDER) | | | |
| EXPENDITURES AND OTHER USES | 77,436 | (12,064) | 65,372 |
| FUND BALANCES, beginning of year | 92,099 | 26,234 | 118,333 |
| PRIOR PERIOD ADJUSTMENT | (6,103) | | (6,103) |
| FUND BALANCES, end of year | \$ <u>163,432</u> | \$ <u>14,170</u> | \$ <u>177,602</u> |

TOWN OF GRAND COTEAU, LOUISIANA RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2006

| Total net change in fund balance for the year ended June 30, 2006 per Statement of Revenues, Expenditures and Changes in Fund Balances | | \$ 65,372 |
|--|-----------|------------------|
| Capital outlay which is considered expenditures On Statement of Revenues, Expenditures and Changes in Fund Balances | \$ 10,630 | |
| Depreciation expense for year ended June 30, 2006 | (48,846) | (38,216) |
| Difference between prepaid expenses on modified accrual basis versus accrual basis | | (1,599) |
| Bond principal retirement considered as an expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances | | 5,870 |
| Capital lease payments considered as an expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances | | 12,814 |
| Excess of compensated absences earned Over compensated absences used | | (3,500) |
| Total changes in net assets for the year ended June 30, 2006 per Statement of Activities | | <u>\$ 40,741</u> |

TOWN OF GRAND COTEAU, LOUISIANA STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2006

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

| <u>ASSETS</u> | Gas Fund | Water Fund | Sewer Fund | <u>Total</u> |
|--|-------------------|----------------|------------------|--------------------|
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 36,491 | \$ 1,718 | \$ 19,947 | \$ 58,156 |
| Investments | 1,078 | - | - | 1,078 |
| Accounts Receivable, net | 20,318 | 17,940 | 16,229 | 54,487 |
| Accrued interest receivable | 15 | - | 32 | 47 |
| Prepaid insurance | 3,118 | 3,289 | 3,410 | 9,817 |
| Due from Other Funds | 6,639 | <u> 15,715</u> | <u>16,112</u> | <u>38,466</u> |
| | | | | |
| Total current assets | <u>67,659</u> | <u> 38,662</u> | <u>55,730</u> | <u> 162,051</u> |
| DESTRICTED ASSETS | | | | |
| RESTRICTED ASSETS | 25.045 | 01.261 | 44 216 | 161 622 |
| Cash | 25,945 | 91,361 | 44,316 | 161,622 |
| Investments | <u>37,350</u> | | <u>26,298</u> | <u>63,648</u> |
| Total restricted assets | 63,295 | 91,361 | 70,614 | 225,270 |
| EIVED ACCETS | | | | |
| FIXED ASSETS Utility plant and depreciable assets, net of | | | | |
| accumulated depreciation | 41,494 | 360,991 | 2,147,536 | 2,550,021 |
| accumulated depreciation | 41,474 | 300,991 | 2,147,330 | <u>2,330,021</u> |
| Total fixed assets | 41,494 | 360,991 | <u>2,147,536</u> | <u>2,550,021</u> |
| | | | | |
| Total assets | \$ 172,448 | \$ 491,014 | \$2,273,880 | \$2,937,342 |

This statement continued on next page . The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA STATEMENT OF NET ASSETS (CONTINUED) PROPRIETARY FUNDS JUNE 30, 2006

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

| LIABILITIES AND NET ASSETS | Gas Fund | Water Fund | Sewer Fund | <u>Total</u> |
|---|-------------------|--------------------|--------------------|---------------------|
| CURRENT LIABILITIES (from current assets) | | | | • |
| Accounts payable Due to other funds | \$ 12,186 | \$ 8,580 16,112 | \$ 3,570 12,425 | \$ 24,336 28,537 |
| <u>Total</u> | 12,186 | 24,692 | <u>15,995</u> | 52,873 |
| CURRENT LIABILITIES (from restricted assets) | | | | |
| Revenue bonds payable | - | 14,998 | 22,678 | 37,676 |
| Interest payable | - | 2,242 | 1,922 | 4,164 |
| Customers' deposits | 30,742 | <u>12,161</u> | | 42,903 |
| <u>Total</u> | 30,742 | 29,401 | 24,600 | 84,743 |
| Total current liabilities | 42,928 | 54,093 | 40,595 | <u>137,616</u> |
| LONG-TERM LIABILITIES | | | | |
| Revenue bonds payable | | 124,710 | <u>267,572</u> | 392,282 |
| Total long-term liabilities | | 124,710 | <u>267,572</u> | 392,282 |
| Total liabilities | 42,928 | 178,803 | 308,167 | _529,898 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 41,494 | 221,283 | 1,857,286 | 2,120,063 |
| Reserved for customers' deposits | 25,945 | 24,960 | - | 50,905 |
| Reserved for bond retirement | - | 66,400 | 70,615 | 137,015 |
| Unrestricted | 62,081 | (432) | <u>37,812</u> | <u>99,461</u> |
| Total net assets | <u>\$ 129,520</u> | <u>\$ 312,211</u> | <u>\$1,965,713</u> | <u>\$2,407,444</u> |

TOWN OF GRAND COTEAU, LOUISIANA STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2006

| | BUSINESS-T | YPE ACTIVITII | ES - ENTERI | PRISE FUNDS |
|--|----------------|----------------|----------------|----------------|
| | Gas Fund | Water Fund | Sewer Fund | Total |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 378,027 | \$ 120,275 | \$ 107,241 | \$ 605,543 |
| Miscellaneous income | - | | <u>14,825</u> | <u>14,825</u> |
| Total operating revenues | 378,027 | 120,275 | _122,066 | <u>620,368</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 22,592 | 13,177 | 28,474 | 64,243 |
| Contractual services | 287,757 | · - | 330 | 288,087 |
| Supplies | 11,079 | 13,110 | 4,922 | 29,111 |
| Other expenses | 35,282 | 54,561 | 46,189 | 136,032 |
| Depreciation | 6,635 | 26,259 | 86,084 | <u>118,978</u> |
| Total operating expenses | <u>363,345</u> | <u>107,107</u> | <u>165,999</u> | <u>636,451</u> |
| OPERATING INCOME | 14,682 | 13,168 | (43,933) | (16,083) |
| NONOPERATING REVENUES | | | | |
| (EXPENSES) | | | | |
| Interest income | 998 | 645 | 1,101 | 2,744 |
| Interest expense | | (9,705) | (16,171) | (25,876) |
| Total nonoperating revenues | 998 | (9,060) | (15,070) | (23,132) |
| INCOME (LOSS) BEFORE | | | | |
| CONTRIBUTIONS AND | | | | |
| TRANSFERS | 15,680 | 4,108 | (59,003) | (39,215) |
| CAPITAL CONTRIBUTIONS | _ | | | - |
| TRANSFERS IN (OUT) | | | | |
| Transfers in | 2,000 | 13,305 | 41,639 | 56,944 |
| Transfers out | (17,698) | - | (38,931) | (56,629) |
| Total operating transfers in (out) | (15,698) | 13,305 | 2,708 | 315 |
| INCREASE (DECREASE) IN NET | | | | |
| ASSETS | (18) | 17,413 | (56,295) | (38,900) |
| NET ASSETS, beginning of year | 129,538 | 294,798 | 2,022,008 | 2,446,344 |
| NET ASSETS, end of year | \$ 129,520 | \$ 312,211 | \$1,965,713 | \$ 2,407,444 |
| The accompanying notes are an integral part of the basic financial statements. | | | | |

TOWN OF GRAND COTEAU, LOUISIANA STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2006

| | BUS | INESS-TYPE | ACTIVITIES | - ENTERP | RISE FUNDS |
|---|-----|------------------|------------------|------------------|-----------------|
| | | Gas Fund | Water Fund | Sewer Fund | <u>Total</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | S | | | | |
| Cash received from customers | | \$ 383,212 | \$ 116,949 | \$ 108,013 | \$ 608,174 |
| Cash payments to suppliers for goods and services | S | (332,980) | (64,209) | (55,817) | (453,006) |
| Cash Payments to employees for services | | (22,592) | (13,177) | (28,474) | (64,243) |
| Net cash provided by operating activities | | 27,640 | 39,563 | 23,722 | 90,925 |
| CASH FLOWS FROM NONCAPITAL FINANCIN | NC | | | | |
| ACTIVITIES | NO | | , | | |
| Transfers in from other funds | | 2,000 | 13,305 | 55,202 | 70,507 |
| Transfers out to other funds | | (25,350) | • | • | , |
| | | (23,330) | (20,541) | (38,931) | (84,822) |
| Net cash provided (used) by noncapital | | (22.250) | (7.02() | 17.071 | (14 215) |
| financing activities | | (23,350) | (7,236) | <u>16,271</u> | <u>(14,315)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED | D | | | | |
| FINANCING ACTIVITIES | 므 | | | | |
| Acquisition and construction of capital assets | | _ | (52,300) | (17,227) | (69,527) |
| Proceeds from grant | | _ | (32,300) | 14,600 | 14,600 |
| Cash overdraft | | - | - | (958) | (958) |
| Principal paid on revenue bonds and notes | | - | (14,504) | (22,933) | • • |
| Interest paid on revenue bonds and notes | | _ | (9,951) | ` . | (37,437) |
| Net cash used for capital and related | | | (9,931) | (16,708) | (26,659) |
| | | | (76.755) | (42.226) | (110 001) |
| financing activities | | | <u>(76,755)</u> | (43,226) | (119,981) |
| CASH FLOWS FROM INVESTING ACTIVITIES | 3 | | | | |
| Transfer of investments | - | _ | 23,159 | • | 23,159 |
| Purchase of investments | | (977) | - | (711) | (1,688) |
| Interest on investments | | 998 | 645 | 1,101 | 2,744 |
| Net cash provided by investing activities | | 21 | 23,804 | 390 | 24,215 |
| | | | | | |
| Net increase or decrease in cash | | 4,311 | (20,624) | (2,843) | (19,156) |
| CASH AND CASH EQUIVALENTS, July 1, 2005 | ; | <u>58,125</u> | 113,703 | <u>67,106</u> | 238,934 |
| <u> </u> | | | | | |
| CASH AND CASH EQUIVALENTS, June 30, 200 | 06 | <u>\$ 62,436</u> | \$ 93,079 | <u>\$ 64,263</u> | \$ 219,778 |

This statement continued on next page.

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA STATEMENT OF CASH FLOWS (CONTINUED) PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2006

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | |
|--|---|------------------|------------------|------------------|
| | Gas Fund | Water Fund | Sewer Fund | Total |
| RECONCILIATION OF OPERATING INCOME | | | | |
| (LOSS) TO NET CASH PROVIDED (USED) BY | | | | |
| OPERATING ACTIVITIES | | | | |
| Operating income | <u>\$ 14,682</u> | <u>\$ 13,168</u> | \$ (58,533) | \$ (30,683) |
| Adjustments to reconcile operating income (loss) | | | | |
| to net cash provided (used) by operating activities: | | | | |
| Depreciation | 6,635 | 26,259 | 86,084 | 118,978 |
| (Increase) decrease in accounts receivable | 4,702 | (2,931) | 547 | 2,318 |
| (Increase) decrease in prepaid insurance | (986) | (1,104) | (644) | (2,754) |
| Increase (decrease) in accounts payable | 2,124 | 4,566 | (3,712) | 2,978 |
| Increase (decrease) in customers' deposits | 483 | (395) | _ | 88 |
| Total adjustments | 1,883 | <u>26,395</u> | <u>82,255</u> | 121,608 |
| Net cash provided by operating activities | <u>\$ 27,640</u> | <u>\$ 39,563</u> | \$ 23,722 | <u>\$ 90,925</u> |

TOWN OF GRAND COTEAU, LOUISIANA STATEMENT OF FIDUCIARY NET ASSETS AGENCY FUND JUNE 30, 2006

| <u>ASSETS</u> | PAYROLL ACCOUNT |
|---|----------------------|
| Cash and cash equivalents Due from other funds | \$ <u>23,575</u> |
| Total assets | <u>\$ 23,575</u> |
| <u>LIABILITIES</u> | |
| Bank Overdraft Accounts payable and accrued expenses Due to other funds | \$ 428 10,933 |
| Total liabilities | <u>\$ 23,575</u> |

Note (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Grand Coteau, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements (GWFS) and the fund financial statements of the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For Enterprise funds, GASB Statements Nos. 20 and 34 provide the Town the option of electing to apply FASB pronouncements issued after November 30, 1989. The Town has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent subsection of this note.

The following is a summary of certain significant accounting policies and practices of the Town of Grand Coteau:

A. <u>FINANCIAL REPORTING ENTITY</u>

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Grand Coteau for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- 1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
- 2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Town of Grand Coteau is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

Note (1) - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Assets and the Statement of Activities display information on all of the nonfiduciary activities of the Town of Grand Coteau, the primary government, as a whole. They include all funds of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 10 percent of the corresponding total for all funds of the category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Note (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (continued)

The Town reports the following major governmental funds:

Governmental Funds

General Fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Fund

<u>Sales Tax Fund.</u> The Sales Tax Fund is used to account for the proceeds of a 1 percent sales and use tax that is legally restricted to expenditures for specific purposes.

The Town reports the following major proprietary funds:

Enterprise Funds

Gas Fund

The Gas Fund accounts for gas services to residents of the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Water Fund

The Water Fund accounts for water services to residents of the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Sewer Fund

The Sewer Fund accounts for sewer services to the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Note (1) - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

B. BASIS OF PRESENTATION (continued)

Additionally, the Town reports the following fund type:

Fiduciary Fund

Agency Fund (not included in government-wide statements)

Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included in their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Note (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Bad debts are written off when accounts became worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These transactions are recorded when the transfers occur.

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of indirect expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation

Note (1) - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

expense is specifically identified by function.

CASH AND INVESTMENTS

Louisiana statutes authorize the Town to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

At year-end, the carrying amount of the Town's cash and investments was \$458,988. The bank balance of cash was \$438,799 and of investments was \$64,726. Investments are stated at cost or amortized cost, which approximates market. Investments consist of time certification of deposits. Cash and certificates of deposits are fully secured through the pledge of bank-owned securities or federal deposit insurance.

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

CAPITAL ASSETS

The accounting treatment of property, plant and equipment (capital assets) depends on whether they are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to GASB No. 34, governments were not required to report general infrastructure assets. The Town of Grand Coteau did not capitalize infrastructure expenditures. During the fiscal year ending June 30, 2004, the Town began to capitalize infrastructure.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their estimated fair value at the date of donation. The Town of Grand Coteau maintains a threshold level of \$500 or more for capitalizing capital assets.

Note (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. <u>MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)</u>

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

| Buildings and improvements | 20 - 40 years |
|----------------------------|---------------|
| Furniture and equipment | 5 - 10 years |
| Vehicles | 5 - 15 years |
| Water system | 20 - 50 years |
| Sewerage system | 20 - 50 years |
| Meters | 10 - 20 years |

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

It is the policy of the Town to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as facilities acquisition and construction expenditures of the governmental fund upon acquisition.

BAD DEBTS

Uncollectible amounts due for ad valorem taxes, miscellaneous liens, and sundry claims are recorded as bad debts through the establishment of an allowance account at the time information available indicated the uncollectibility of the particular receivables.

Allowance for uncollectible accounts receivable in the Enterprise Funds at June 30, 2006 was \$19,248.

BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

- 1. A public meeting is scheduled by the Town Council after allowing for at least 10 days notice to the public at the time the budget is initially submitted to the Town Council.
- 2. The budget must be finally adopted by the Council no later than the last day of the preceding fiscal year.

Note (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

- 3. The Mayor and Town Council may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
- 4. Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
- 5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The budgeted accounts shown in these financial statements include the original and final budget amounts for the year ending June 30, 2006. The budget was properly amended during a public meeting prior to the fiscal year end.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town as an extension of formal budgetary integration in the funds.

INVENTORY

The Town practices the policy of recording materials and supplies as expenditures or expenses when acquired. The Town does not record any of these items as inventory because the amount of the items in stock is insignificant.

COMPENSATED ABSENCES

The Town's policy is that employees earn and must use their vacation and sick leave as of the end of each calendar year.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Note (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

RESTRICTED ASSETS

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the utility meter deposits.

LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

REVENUES, EXPENDITURES, AND EXPENSES

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Note (1) - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

REVENUES, EXPENDITURES, AND EXPENSES (continued)

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net assets and displayed in three components:

- 1. <u>Invested in capital assets, net of related debt</u> Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 2. <u>Restricted net assets</u> Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- 3. <u>Unrestricted net assets</u> All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. The towns policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Note (2) - RECEIVABLES

Receivables at June 30, 2006 consist of the following:

| | Governmental <u>Activities</u> | Business-type <u>Activities</u> | <u>Total</u> |
|-----------------------------|--------------------------------|---------------------------------|--------------|
| Taxes receivable | \$ 890 | \$ - | \$ 890 |
| Accounts | - | 73,734 | 73,734 |
| Due from others | - | 2,828 | 2,828 |
| Allowance for bad debts | - | (19,247) | (19,247) |
| Accrued interest receivable | - | 47 | 47 |
| Franchise receivable | 15,986 | - , | 15,986 |
| Other receivable | 220 | | 220 |
| <u>Total</u> | <u>\$ 17,096</u> | \$ 57,362 | \$ 74,458 |

Note (3) - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2006, for the Town of Grand Coteau is as follows:

| | Balances July 1, <u>2005</u> | Additions | Disposals | Balances June 30, 2006 |
|-----------------------------------|------------------------------------|--------------------|--------------|------------------------|
| Governmental Activities | | | | |
| Non Depreciable | | | | |
| Land | \$ 136,875 | \$ - | \$ - | \$ 136,875 |
| Depreciable | | | • | |
| Building and improvements | 205,354 | - | - | 205,354 |
| Equipment | 355,796 | 10,630 | - | 366,426 |
| Other structures and improvements | <u> 585,497</u> | | | <u>585,497</u> |
| Totals at historical cost | 1,283,522 | 10,630 | | 1,294,152 |
| Less accumulated depreciation | | | | |
| Building and improvements | (77,124) | (5,134) | _ | (82,258) |
| Equipment | (226,625) | (21,061) | _ | (247,686) |
| Other structures and improvements | (157,263) | (22,651) | • | (179,914) |
| Total accumulated depreciation | (461,012) | (48,846) | | (509,858) |
| Governmental Activities | | | | |
| Capital assets, net | <u>\$ 822,510</u> | \$ (38,216) | <u>\$</u> | <u>\$ 784,294</u> |
| Business-type Activities | | | | |
| Depreciable | | | | |
| Gas system and equipment | \$ 320,634 | - | - | \$ 320,634 |
| Waterworks system and equipment | 1,058,129 | 52,300 | - | 1,110,429 |
| Sewer plant and equipment | 3,355,476 | 17,226 | - | 3,372,702 |
| Non Depreciable | | | | |
| Land | <u>24,000</u> | | - | 24,000 |
| Totals at historical cost | 4,758,239 | <u>69,526</u> | | 4,827,765 |
| Less accumulated depreciation | | | | |
| Gas system and equipment | (272,505) | (6,635) | - | (279,140) |
| Waterworks system and equipment | (723,178) | (26,259) | - | (749,437) |
| Sewer plant and equipment | (1,163,083) | (86,084) | - | (1,249,167) |
| Total accumulated depreciation | (2,158,766) | (118,978) | | (2,277,744) |
| Business-type capital assets, net | <u>\$ 2,599,473</u> | <u>\$ (49,452)</u> | <u>\$</u> | \$ 2,550,021 |

Note (3) - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental activities as follows:

| General government | \$ | 16,362 |
|------------------------|-----|--------|
| Public safety - police | | 4,990 |
| Public safety - fire | | 6,850 |
| Public works - streets | | 19,844 |
| Culture and recreation | _ | 800 |
| <u>Total</u> | \$_ | 48,846 |

Note (4) - ACCOUNTS AND OTHER PAYABLES

The accounts and other payable consisted of the following at June 30, 2006:

| | Governmental <u>Activities</u> | Business-type <u>Activities</u> | <u>Total</u> |
|--------------------|-----------------------------------|---------------------------------|------------------|
| Accounts | \$ 25,157 | \$ 24,336 | \$ 49,493 |
| Due to Agency Fund | 14,224 | - | 14,224 |
| Insurance Payable | 22,392 | • | 22,392 |
| Due to Others | (35) | _ | (35) |
| <u>Totals</u> | <u>\$ 61,738</u> | <u>\$ 24,336</u> | <u>\$ 86,074</u> |

Note (5) - RETIREMENT

The employees of the Town are covered by social security only. The Town does not contribute to any other retirement plan for its employees.

Note (6) - CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the Statement of Cash Flows consist of the following:

| Unrestricted assets | |
|---------------------------------|------------|
| Cash | \$ 58,156 |
| Restricted assets | |
| Cash | 161,622 |
| | |
| Total cash and cash equivalents | \$ 219 778 |

Note (7) - ACCOUNTS RECEIVABLE - ENTERPRISE FUND

The accounts receivable consist of gas, water and sewer billings uncollected as of June 30, 2006. The detail of the accounts receivable as of June 30, 2006 is as follows:

| Total accounts receivable | \$ 73,735 |
|--|-----------|
| Less: allowance for uncollectible accounts | (19,248) |
| Net accounts receivable | \$ 54,487 |

Note (8) - AD VALOREM TAXES

For the year ended June 30, 2006, the Town of Grand Coteau levied a general tax of 5.29 mills on property with assessed valuation totaling \$3,454,280. Total tax levied was \$18,274. Taxes receivable at June 30, 2006 totaled \$890.

The Town's ad valorem tax, levied for the calendar year, is due on or before December 31, and becomes delinquent on January 1.

Note (9) - RESERVES OF FUND EQUITY

The Town records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves of the Town.

Ralance at

| Darance at |
|-------------------|
| June 30, 2006 |
| |
| \$ 50,905 |
| <u>137,015</u> |
| <u>\$ 187,920</u> |
| |

Note (10) - <u>DEDICATION OF SALES TAX PROCEEDS</u>

Proceeds of the 1 percent sales and use tax are dedicated to the following purposes:

Constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; opening, constructing, paying, resurfacing and improving streets, sidewalks, and bridges; constructing and improving drains, drainage canals and subsurface drainage; constructing, acquiring or improving any work of public permanent improvements; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Grand Coteau, title to which shall be in the public.

Note (11) - PROPRIETARY FUNDS - RESTRICTED ASSETS

Certain assets of the Enterprise Funds have been restricted for debt service and customers' deposits. These assets consist of cash and short-term investments restricted for the following:

| Customers' deposits | \$ 88,255 |
|--|---------------|
| Bond retirement - Reserve | 27,017 |
| Bond retirement - Sinking Fund | 69,266 |
| Bond retirement - Depreciation and Contingency | 40,732 |
| - | \$ 225,270 |

Note (12) - GOVERNMENTAL ACTIVITIES - LONG-TERM - BONDS PAYABLE

A bond of \$46,400 was issued on December 8, 2003 for the purpose of acquiring a tract of land for public purposes. The \$46,400 Certificates of Indebtedness, Series 2003, consist of two fully registered certificates.

Certificates R-1 in the principal amount of \$39,500 bearing interest at variable rates not to exceed 6% is payable over a five year period. The first payment was due on January 8, 2005 with the final payment due December 8, 2008. The monthly payments of \$709.76 will consist of fully amortized payments of principal and interest.

Certificates R-2 in the principal amount of \$6,900 is noninterest bearing and payable in five annual principal payments of \$1,380.

A summary of changes in long-term debt is as follows:

| | Balance <u>July 1, 2005</u> | Additions | <u>Payments</u> | Balance June 30, 2006 |
|---|--------------------------------|-----------|---------------------------------|--------------------------|
| Description of Debt Certificate R-1 \$39,500 dated December 8, 2004 | \$ 28,265 | \$ - | \$ 6,620 | \$ 21,645 |
| Certificate R-2 \$6,900 dated December 8, 2004 | 5,520 \$ 33,785 | \$ | <u>1,380</u> <u>\$ 8,000</u> | 4,140 \$ 25,785 |

Note (12) - GOVERNMENTAL ACTIVITIES - LONG-TERM - BONDS PAYABLE (Continued)

The annual requirements to retire debt as of June 30, 2006 are as follows:

| Years Ending | | | |
|--------------|------------------|-----------------|--------------|
| June 30 | <u>Principal</u> | <u>Interest</u> | Total |
| 2007 | \$ 9,392 | \$ 505 | \$ 9,897 |
| 2008 | 9,636 | 261 | 9,897 |
| 2009 | <u>6,757</u> | <u> 37</u> | <u>6,794</u> |
| | \$25,785 | \$ 803 | \$26,588 |

Note (13) - GOVERNMENTAL ACTIVITIES - LONG-TERM - LEASES PAYABLE

The Town of Grand Coteau entered into a noncancellable capital lease with Louisiana Copier Services for two copiers on February 14, 2003. The first monthly payment was due on February 14, 2003, with the final payment due on January 14, 2008. The agreement requires monthly payments of \$432.21 for sixty months which are recorded in the General Fund.

The Town of Grand Coteau entered into a noncancellable capital lease with CLM Equipment Company, Inc for a backhoe on May 29, 2003. The first monthly payment was due on May 29, 2003, with the final payment due on May 29, 2007. The agreement requires monthly payments of \$7,228.12 for five years.

A summary of changes in long-term debt from capital leases is as follows:

| | Balance | | | Balance |
|---------------------------------|------------------|------------------|-----------------|-----------------|
| | July 1, 2005 | Additions | Payments | June 30, 2006 |
| Louisiana Copier Services lease | \$ 11,674 | \$ - | \$ 4,146 | \$ 7,528 |
| CLM Equipment Co lease | 13,536 | _ | 6,538 | 6,998 |
| <u>Totals</u> | <u>\$ 25,210</u> | <u>\$</u> | <u>\$10,684</u> | <u>\$14,526</u> |

Note (13) - GOVERNMENTAL ACTIVITIES - LONG-TERM - LEASES PAYABLE (continued)

At June 30, 2006, future minimum rental payments required are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|------------------|-----------------|--------------|
| 2007 | \$ 11,634 | \$ 908 | \$12,542 |
| 2008 | <u>2,867</u> | 81 | 2,948 |
| Total minimum lease payments | <u>\$ 14,501</u> | \$ 989 | \$15,490 |

Note (14) - PROPRIETARY FUND - LONG-TERM DEBT

The following is a summary of changes in Proprietary Fund debt for the year ended June 30, 2006:

| | Balance at | | | Balance at |
|-------------------------------------|-------------------|---------------|------------------|-------------------|
| Description of Debt | July 1, 2005 | <u>Issued</u> | Retired | June 30, 2006 |
| \$338,666 of Utilities Revenue | | | | |
| Refunding Bonds dated April 1, 1989 | \$ 169,643 | \$ - | \$ 27,697 | \$ 141,946 |
| \$225,000 of Sewer Revenue | | | | |
| Bonds dated February 17, 1995 | 201,752 | - | 4,740 | 197,012 |
| \$125,000 of Water Tower Project | | | | |
| Bonds dated July 1, 1998 | <u>96,000</u> | | 5,000 | 91,000 |
| | <u>\$ 467,395</u> | <u>\$ -</u> | <u>\$ 37,437</u> | <u>\$ 429,958</u> |

The annual requirements to retire debt as of June 30, 2005, are as follows:

| Years Ending | | | |
|----------------|------------------|------------------|------------------|
| <u>June 30</u> | Principal | <u>Interest</u> | <u>Total</u> |
| 2007 | \$ 37,676 | \$ 24,534 | \$62,210 |
| 2008 | 41,422 | 21,974 | 63,396 |
| 2009 | 43,259 | 19,160 | 62,419 |
| 2010 | 45,228 | 16,218 | 61,446 |
| 2011 | 23,831 | 12,614 | 36,445 |
| 2012-2016 | 65,708 | 50,937 | 116,645 |
| 2017-2021 | 50,929 | 32,836 | 83,765 |
| 2022-2026 | 38,717 | 23,248 | 61,965 |
| 2027-2031 | 48,466 | 13,499 | 61,965 |
| 2032-2035 | <u>34,722</u> | 7,425 | _42,147 |
| | <u>\$429,958</u> | <u>\$222,445</u> | <u>\$652,403</u> |

Note (15) - SEWER REVENUE BOND - FEBRUARY 17, 1995

A bond of \$225,000 was issued on February 17, 1995 for improvements on the Town's sewer system. The bond has a stated interest of 4 ½ percent and is payable over a forty year period. Commencing March 17, 1998 and on the 17th day of each month thereafter through February 17, 2035, monthly payments of \$1,032.75 will be due which will consist of fully amortized payments of principal and interest. Each payment shall be applied, first, to the payment of accrued interest; and second, to the payment of principal.

- a. Actual monthly payments into the Sinking Fund during the interest only period depend on the schedule of advances of principal made to the Town during construction. However, monthly debt service payments into the Sinking Fund will not exceed \$843.75.
- b. The Town will have to make monthly payments of \$43 into a Reserve Fund. The payments into the Reserve Fund will continue until an amount equal to one year's debt service on the bond is accumulated therein.
- c. The Town will have to make monthly payments of \$43 into a Contingency Fund. The payments into the Contingency Fund will be made over the life of the bond.

The Town did not comply with these requirements.

Note (16) - WATER TOWER PROJECT BOND - JULY 1, 1998 - RESTRICTION ON USE

- a. Actual monthly payments into the Sinking Fund are required to be \$946.67.
- b. Each month, there will be an amount set aside into the Reserve Fund at least equal to 10 percent of the amount to be paid into the Sinking Fund until the amount in the Reserve Fund equals the Reserve Fund requirement.
- c. Each month, there will be an amount set aside into the Contingency Fund equal to 5 percent of the revenues for the preceding month provided that such sum is available. Such payments shall continue until such time as there has been accumulated in the Contingency Fund the sum of \$12,500.

The Town did not comply with these requirements.

Note (17) - <u>REVENUE BONDS - FLOW OF FUNDS - RESTRICTION ON USE</u>

Under the terms of the bond indentures on outstanding Utility Revenue Refunding Bonds dated April 1, 1989, all income and revenues of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

All revenues shall be deposited into a "Utilities Revenue Fund" to provide for the payment of the reasonable and necessary expenses of operating and maintaining the system and for the following purposes:

- (a) Each month, there will be set aside into a fund called the "Utilities Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. This deposit must be made on or before the 20th of each month.
- (b) There shall also be set aside into a "Utilities Revenue Bond Reserve Fund" an amount equal to 5 percent of the amount to be paid into the Sinking Fund until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Utility Revenue Bond Sinking Fund and as to which there would otherwise be default.
- (c) Funds will also be set aside into a "Utilities Depreciation and Contingency Fund" an amount equal to 5 percent of the amount to be paid into the Sinking Fund. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.
- (d) All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purposes.

The Town did not comply with these requirements.

Note (18) - SEWER CHARGES

The Town's sewer rate schedule is as follows:

| | Monthly |
|-------------------------------|---------------|
| | <u>Charge</u> |
| Base rate – 4,000 gallons | \$10.00 |
| Each additional 1,000 gallons | 2.00 |

Note (19) - INTERFUND RECEIVABLES, PAYABLES

| | | Interfund Receivables | | | | |
|--------------------|-----------|--------------------------|-----------|--------|--|--|
| Major Funds | | | , | | | |
| Governmental Funds | | | | | | |
| General Fund | \$ | 35 | \$ | 21,325 | | |
| Proprietary Funds | | | | | | |
| Gas Fund | | 6,639 | | - | | |
| Water Fund | 1 | 15,715 | | 16,112 | | |
| Sewer Fund | 1 | 16,112 | | 12,425 | | |
| Agency Fund | | 23,575 | | 12,214 | | |
| | <u>\$</u> | <u> 62,076</u> | <u>\$</u> | 62,076 | | |

Note (20) - PRIOR PERIOD ADJUSTMENT

A prior period adjustment was recorded in the General Fund. This was due to salaries payable not recorded in prior years in the amount of \$6,103.

Note (21) - <u>LITIGATION AND CLAIMS</u>

The Town is a defendant in various lawsuits. According to legal counsel for the Town, there is adequate insurance on all cases where monetary damages are sought.

In January 2005 the Louisiana Department of Environmental Quality issued Consolidated Compliance Order & Notice of Potential Penalty No. WE-CN-04-0948 pursuant to the Louisiana Environmental Quality Act (LA R.S. 30:2001, et seq.) for several deficiencies in operation and maintenance of the Town's publicly owned treatment works known as Grand Coteau Oxidation Pond which is in violation of LPDES permit LA0072001. Failure or refusal to comply with the compliance order will subject the Town to possible enforcement procedures under LA R.S. 30:2025, which could result in the assessment of a civil penalty in an amount of not more than fifty thousand dollars (\$50,000) for each day of continued violation or noncompliance. In an effort to comply with the compliance order, the Town has made several improvements to their sewer system in the fall of 2005. Communications have been sent to the Louisiana Department of Environmental Quality (LADEQ). Currently the Town is awaiting an inspection to be conducted by the LADEQ. The Town upgraded its UV System and is waiting for the DEQ to issue a letter stating that the Town is in compliance.

Note (22) - RISK MANAGEMENT

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance for the year.

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULES

TOWN OF GRAND COTEAU, LOUISIANA SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGETARY COMPARISON SCHEDULE GNERAL FUND FOR THE YEAR ENDED JUNE 30, 2006

| | Bu | ıdget | | Variance Positive |
|--|--------------------|---------------------------------------|-----------------------------|----------------------|
| | Original | Final | - <u>Ac</u> tua <u>l</u> | (Negative) |
| Revenues | | · · · · · · · · · · · · · · · · · · · | | |
| Taxes | \$ 73,579 | \$ 72,483 | \$ 88,654 | \$ 16,171 |
| License and permits | 31,630 | 33,400 | 27,115 | (6,285) |
| Intergovernmental | 242,018 | 300,354 | 365,692 | 65,338 |
| Fines and forfeitures | 61,560 | 72,200 | 85,658 | 13,458 |
| Miscellaneous | <u>31,519</u> | <u>22,910</u> | <u> 19,188</u> | (3,722) |
| Total revenues | 440,306 | 501,347 | 586,307 | <u>84,960</u> |
| Expenditures | | | | |
| Current | | | | |
| Executive and administrative | 149,180 | 196,033 | 208,550 | (12,517) |
| Street department | 98,265 | 89,210 | 86,232 | 2,978 |
| Police department | 306,082 | 290,267 | 295,019 | (4,752) |
| Fire department | 20,897 | 21,410 | 13,046 | 8,364 |
| Park department | 2,709 | 1,960 | 4,816 | (2,856) |
| Capital Outlay | 14,600 | - | _ | - |
| Debt service | <u>23,518</u> | 24,990 | 24,404 | 586 |
| Total expenditures | 615,251 | <u>623,870</u> | 632,067 | (8,197) |
| Excess (deficiency) of revenues | | | | |
| over (under) expenditures | (174,945) | (122,523) | <u>(45,760)</u> | <u>76,763</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 130,500 | 135,010 | 150,033 | 15,023 |
| Transfers out | (4,000) | <u>-</u> | (26,837) | (26,837) |
| Total other financing sources | 126,500 | 135,010 | <u>123,196</u> | _(11,814) |
| Excess (deficiency) of revenues and other sources over (under) | | | | |
| expenditures and other uses | <u>\$ (48,445)</u> | <u>\$ 12,487</u> | 77,436 | <u>\$ 64,949</u> |
| Fund balance, beginning of year | | | 92,099 | |
| Prior period adjustment | | | <u>(6,103)</u> | |
| Fund balance, end of year | | | <u>\$ 163,432</u> | |

TOWN OF GRAND COTEAU, LOUISIANA SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGETARY COMPARISON SCHEDULE SALES TAX FUND FOR THE YEAR ENDED JUNE 30, 2006

| | Budge Original | t Final | Actual | Variance Positive (Negative) |
|--|-------------------|--------------------|------------------|------------------------------|
| Revenues | Original | _1 111u1 | <u>110tuur</u> | (Trogative) |
| Taxes | | | | |
| Sales tax collections | \$ 77,704 | \$ 77,352 | \$ 112,568 | \$ 35,216 |
| Miscellaneous income | | 8 | 4 | (4) |
| Total revenues | <u>77,704</u> | <u>77,360</u> | 112,572 | 35,212 |
| Expenditures Current operating | | | | |
| Executive and administrative | 1,000 | <u>918</u> | 1,125 | (207) |
| Total expenditures | 1,000 | 918 | 1,125 | (207) |
| Excess of revenues over expenditures | <u>76,704</u> | <u>76,442</u> | 111,447 | <u>35,005</u> |
| Other financing uses | | | | |
| Transfers out | <u>(68,500)</u> | (89,010) | (123,511) | (34,501) |
| Total other financing uses | (68,500) | <u>(89,010)</u> | (123,511) | (34,501) |
| Excess (deficiency) of revenues over (under) expenditures and other uses | \$ 8,204 | <u>\$ (12,568)</u> | (12,064) | \$ 50 <u>4</u> |
| | | | | |
| Fund balances, beginning of year | | | <u>26,234</u> | |
| Fund balances, end of year | | | <u>\$ 14,170</u> | |

OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund has a greater number and variety of revenue sources than any other fund, and its resources normally finance a wider range of activities. The resources of the General Fund are ordinarily largely expended and replenished on an annual basis.

TOWN OF GRAND COTEAU, LOUISIANA GENERAL FUND BALANCE SHEET JUNE 30, 2006

ASSETS

| 1188618 | |
|-----------------------------------|-------------------|
| Cash | \$ 160,742 |
| Receivables, net of allowance for | |
| uncollectibles | |
| Property taxes | 890 |
| Franchise | 15,986 |
| Intergovernmental | 32,041 |
| Other | 220 |
| Due from other funds | <u> 35</u> |
| Total Assets | \$ 209,914 |
| LIABILITIES AND FUND BALANCE | |
| LIABILITIES Aggregate marriable | \$ 25.157 |
| Accounts payable | ·,-· |
| Due to other funds | 21,325 |
| Total Liabilities | <u>46,482</u> |
| FUND BALANCE | |
| Unreserved | 163,432 |
| Total Fund Balance | 163,432 |
| Total Liabilities and Fund Equity | <u>\$ 209,914</u> |

TOWN OF GRAND COTEAU, LOUISIANA GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2006

| | D . 1 | | Variance Positive |
|---|------------------|-------------------|----------------------|
| REVENUES | Budget | Actual | (Negative) |
| Taxes | \$ 72,483 | \$ 88,654 | \$ 16,171 |
| Licenses and permits | 33,400 | 27,115 | (6,285) |
| Intergovernmental | 300,354 | 365,692 | 65,338 |
| Fines and forfeits | 72,200 | 85,658 | 13,458 |
| Miscellaneous | 22,910 | 19,188 | (3,722) |
| Total Revenues | 501,347 | 586,307 | 84,960 |
| EXPENDITURES | | | |
| Current | | | |
| Executive and administrative | 196,033 | 208,550 | (12,517) |
| Street department | 89,210 | 86,232 | 2,978 |
| Police department | 290,267 | 295,019 | (4,752) |
| Fire department | 21,410 | 13,046 | 8,364 |
| Park department | 1,960 | 4,816 | (2,856) |
| Debt service | 24,990 | <u>24,404</u> | 586 |
| Total Expenditures | <u>623,870</u> | 632,067 | (8,197) |
| EXCESS (DEFICIENCY) OF REVENUES | | | |
| OVER (UNDER) EXPENDITURES | _(122,523) | _(45,760) | <u>76,763</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 135,010 | 150,033 | 15,023 |
| Transfers out | | (26,837) | (26,837) |
| Total other Financing Sources | 135,010 | 123,196 | (11,814) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) | | | |
| EXPENDITURES AND OTHER USES | <u>\$ 12,487</u> | 77,436 | <u>\$ 64,949</u> |
| FUND BALANCE, beginning of year | | 92,099 | |
| PRIOR PERIOD ADJUSTMENT | | (6,103) | |
| FUND BALANCE, end of year | | <u>\$ 163,432</u> | |

TOWN OF GRAND COTEAU, LOUISIANA GENERAL FUND DETAILED SCHEDULE OF REVENUES BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2006

| TAXES | Budget | Actual | Variance Positive (Negative) |
|--|---|--|--|
| | \$ 17.860 | \$ 18,249 | \$ 389 |
| Property taxes Franchise – cable television | • | | |
| | 1,680 | 1,561 | (119) |
| Franchise – telephone | 1,703 | 1,727 | 24 |
| Franchise – electric | 47,220 | 67,117 | 19,897 |
| South St. Landry taxes | 4,020 | | (4,020) |
| <u>Total Taxes</u> | <u>72,483</u> | <u>88,654</u> | <u>16,171</u> |
| LICENSES AND PERMITS | | | |
| Licenses and permits | 33,400 | 27,115 | (6,285) |
| Total licenses and permits | 33,400 | 27,115 | (6,285) |
| INTERGOVERNMENTAL State beer tax Fire insurance rebate FEMA State grants Video poker fees/racino Federal grants DOTD Total Intergovernmental | 1,980 3,700 47,644 236,400 10,630 | 2,399 3,948 48,471 1,224 295,953 10,630 3,067 365,692 | 419 248 827 1,224 59,553 - 3,067 65,338 |
| FINES | | | |
| Court fines | 72,200 | 77,644 | 5,444 |
| Step tickets | , | 8,014 | 8,014 |
| Total Fines | 72,200 | 85,658 | 13,458 |
| MISCELLANEOUS Miscellaneous income | 22,910 | 19,188 | (3,722) |
| Other <u>Total Miscellaneous</u> | 22,910 | 19,188 | (3,722) |
| Total Revenues | <u>\$ 501,347</u> | <u>\$586,307</u> | <u>\$ 84,960</u> |

TOWN OF GRAND COTEAU, LOUISIANA GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2006

| EXECUTIVE AND ADMINISTRATIVE | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|------------------------------------|----------------|----------------|------------------------------|
| Personal Services | | | |
| Salaries – Clerical | \$ 47,108 | \$ 44,837 | \$ 2,271 |
| Salaries - Mayor and Council | 24,800 | - | 5,964 |
| Payroll taxes | 4,290 | 3,309 | 981 |
| Supplies | | | • |
| Office supplies and postage | 13,118 | 13,620 | (502) |
| Other | | | |
| Conventions and conferences | 5,140 | 3,783 | 1,357 |
| Advertising | 4,902 | 4,372 | 530 |
| Due and subscriptions | - | 1,410 | (1,410) |
| Engineering fees | 2,140 | 5,286 | (3,146) |
| Equipment rental | - | 1,881 | (1,881) |
| Insurance | 21,418 | 21,354 | 64 |
| Legal and accounting | 45,372 | 59,456 | (14,084) |
| Miscellaneous | 4,618 | 1,484 | 3,134 |
| Pest Control | - | 679 | (679) |
| Repairs and maintenance | 6,690 | 2,912 | 3,778 |
| Telephone | 10,820 | 14,050 | (3,230) |
| Utilities | 5,617 | 6,856 | (1,239) |
| Penalties | | 3,898 | (3,898) |
| Uniforms | - | 365 | (365) |
| Travel | | <u> 162</u> | (162) |
| Total Executive and Administrative | <u>196,033</u> | <u>208,550</u> | (12,517) |
| STREET DEPARTMENT | | | |
| Personal services | | | |
| Salaries | 28,410 | 23,732 | 4,678 |
| Payroll taxes | 2,273 | 1,752 | 521 |
| Supplies | | | |
| Materials and supplies | 12,841 | 16,649 | (3,808) |

This schedule continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Budget</u> | _Actual_ | Variance Positive (Negative) |
|-------------------------------|---------------|----------------|------------------------------------|
| STREET DEPARTMENT (Continued) | | | |
| OTHER | | | |
| Auto and truck expense | \$ 10,310 | \$ 3,050 | \$ 7,260 |
| Repairs and maintenance | 2,588 | 2,750 | (162) |
| Insurance | 11,710 | 11,675 | 35 |
| Utilities | 16,808 | 21,045 | (4,237) |
| Tractor expense | 2,340 | 3,239 | (899) |
| Miscellaneous | 1,930 | 382 | 1,548 |
| Equipment rental | - | 153 | (153) |
| Dumpster | | <u> 1,805</u> | <u>(1,805)</u> |
| Total Street Department | <u>89,210</u> | <u>86,232</u> | <u>2,978</u> |
| POLICE DEPARTMENT | | | |
| Personal services | | | |
| Salaries | 208,840 | 204,073 | 4,767 |
| Payroll taxes | 16,102 | 15,063 | 1,039 |
| Supplies | | | |
| Materials and supplies | 1,612 | 10,406 | (8,794) |
| Uniforms | 698 | 618 | 80 |
| Other | | | |
| Insurance | 29,710 | 29,621 | 89 |
| Auto expense | 11,992 | 11,196 | 796 |
| Telephone | 3,196 | 3,397 | (201) |
| Repairs | 5,810 | 3,744 | 2,066 |
| Miscellaneous | 8,227 | 2,218 | 6,009 |
| Education | - | 2,100 | (2,100) |
| Prisoner meals | 200 | 193 | 7 |
| Fees on fines | 3,880 | - | 3,880 |
| Toys for Tots | - | 1,760 | (1,760) |
| Capital outlay | | 10,630 | (10,630) |
| Total Police Department | 290,267 | <u>295,019</u> | (4,752) |

This schedule continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2006

| FIRE DEPARTMENT | Budget | Actual | Variance Positive (Negative) |
|---|---|---|--|
| Personal services Salaries and wages Payroll taxes | \$ - - | \$ 132 20 | \$ (132) (20) |
| Supplies Materials and supplies | 5,810 | 6,090 | (280) |
| Other Telephone Utilities Insurance Miscellaneous Repairs and maintenance Truck expense Consulting Total Fire Department PARK DEPARTMENT | 3,940 1,877 2,080 4,383 - 1,520 1,800 21,410 | 1,542 2,247 2,074 618 311 12 | 2,398 (370) 6 3,765 (311) 1,508 1,800 8,364 |
| Other Insurance Repairs and maintenance Supplies Miscellaneous Total Park Department DEBT SERVICE | 1,010 491 459 ——————————————————————————————————— | 1,007 87 529 3,193 4,816 | 3 404 (70) (3,193) (2,856) |
| Payments on capital lease Payments on bonds Total Debt Service | 24,990 24,990 | 13,267 11,137 24,404 | (13,267) 13,856 586 |
| Total Expenditures | <u>\$623,870</u> | <u>\$ 632,067</u> | <u>\$ (8,197)</u> |

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for resources legally restricted to expenditures for specified current operating purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived assets.

The Sales Tax Fund is used to account for the collection and expenditure of the Town's 1 percent sales tax.

TOWN OF GRAND COTEAU SPECIAL REVENUE FUND SALES TAX FUND BALANCE SHEET JUNE 30, 2006

| ASSETS Cash Total Assets | \$ 14,170 \$ 14,170 |
|--|------------------------|
| LIABILITIES AND FUND BALANCE LIABILITIES Total Liabilities | <u>\$</u> |
| FUND BALANCE Unreserved | |
| Total fund balance | 14,170 |
| Total Liabilities and Fund Balance | \$ 14,170 |

TOWN OF GRAND COTEAU, LOUISIANA SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2006

| | Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|------------------------------------|
| <u>REVENUES</u> | | | |
| Taxes | | | |
| Sales tax collections | \$ 77,352 | \$ 112,568 | \$ 35,216 |
| Miscellaneous | | | |
| Interest income | 8 | 4 | (4) |
| Total revenues | <u>77,360</u> | 112,572 | <u>35,212</u> |
| EXPENDITURES | | , | |
| Executive and administrative | | | |
| Miscellaneous | <u>918</u> | 1,125 | (207) |
| Total expenditures | <u>918</u> | 1,125 | (207) |
| EXCESS OF REVENUES OVER | | | |
| EXPENDITURES | <u>76,442</u> | 111,447 | 35,005 |
| OTHER PRIANCRIC MORE | | | |
| OTHER FINANCING USES | (00.010) | (100 £11) | (24.501) |
| Transfers out | <u>(89,010)</u> | (123,511) | (34,501) |
| Total other financing uses | <u>(89,010)</u> | (123,511) | (34,501) |
| EXCESS DEFICIENCY OF REVENUES OVER (UNDER) | | | |
| EXPENDITURES AND OTHER | | | |
| <u>USES</u> | <u>\$ (12,568)</u> | (12,064) | <u>\$ 504</u> |
| FUND BALANCES, beginning of year | | 26,234 | |
| FUND BALANCES, end of year | | \$ 14 <u>,170</u> | |

COMPLIANCE

AND

INTERNAL CONTROL

VIGE, TUJAGUE 🧠 NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2™ STREET P. O. BOX 1006 EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A. FRANK G. TUJAGUE, C.P.A. DOMINIQUE M. NOEL, C.P.A. TELEPHONE: 337-457-9324 FAX: 337-457-8743

Report on Compliance and Other Matters and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Jean C. Coco, Mayor and Members of the Board of Aldermen Grand Coteau, Louisiana

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2006, which collectively comprise the Town of Grand Coteau, Louisiana's basic financial statements and have issued our report thereon dated November 3, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Grand Coteau, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain precisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2006-1 thru 2006-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Grand Coteau, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Grand Coteau, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2006-4 thru 2006-10.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable conditions described in the accompanying summary schedule of current and prior year audit findings and corrective action plan to be material weaknesses.

This report is intended solely for the information and use of the Mayor and Board of Aldermen, the appropriate regulatory or legislative body and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than specified parties. Although the intended use of this report maybe limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Vige, Tujague & Noël, CPA's

Vice Iryaja & Nach

November 3, 2006

Schedule of Findings and Questioned Costs Year Ended June 30, 2006

We have audited the financial statements of Town of Grand Coteau, Louisiana as of and for the year ended June 30, 2006, and have issued our report thereon dated November 3, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2006, resulted in an unqualified opinion.

Report on Internal Control and Compliance Material to the Financial Statements

Section I. Summary of Auditor's Reports

in Accordance with OMB Circular A-133.

| u. | report on memar control and comphance traterial to the 1 manetal statements |
|-------|---|
| | Internal Control |
| | Material Weaknesses X Yes No Reportable Conditions X Yes No |
| | Compliance |
| | Compliance Material to Financial Statement Yes X_ No |
| b. | Federal Awards |
| | Internal Control |
| | Material Weaknesses Yes X No Reportable Conditions Yes X No |
| No re | eportable conditions relating to the audit of the major federal award programs are reported in the Report |
| on Co | ompliance with Requirements Applicable to Each Major Program and Internal Control over Compliance |

Schedule of Findings and Questioned Costs Year Ended June 30, 2006

Section II. Financial Statement Findings

Compliance:

2006-1 Bond Payments

Finding:

The Town did not comply with the transfer procedures for the utility revenue bond issues. The utility bond issues require that amounts be transferred monthly to the Sinking, Reserve, and Contingency Accounts. Incorrect amounts were transferred for several months and no transfers were made in other months.

Recommendation:

The Town should fully comply with the transfer procedures as required by the utility revenue bond issues.

Response:

The monthly transfers to the Sinking, Reserve, and Contingency Accounts will be made monthly as required.

2006-2 Accounting for Sales Tax Monies

Finding:

The Town collects a one (1) cent sales tax that is dedicated "for the purpose of constructing, acquiring, extending, improving and/or maintaining waterworks, and sewer and sewer disposal works, including the purchase of equipment, therefore, title to which shall be in the public." The Town transferred sales tax monies into the General Fund. The Town's records do not clearly account for the expenditures of these monies.

Recommendation:

The Town should transfer sales tax monies into the Utility Funds and clearly account for expending the funds for their dedicated purpose.

Response:

The Town will comply with the recommendation.

Schedule of Findings and Questioned Costs Year Ended June 30, 2006

2006-3 Failure to Submit Audit in a Timely Manner

Finding:

Financial Statements were not submitted to the Legislative Auditor by December 31, 2006 because the corrective action plan was not complete.

Recommendation:

We recommend that the Town prepare and provide the necessary information in a timely manner to insure that the financial statements are submitted on time.

Response:

The Town will provide the appropriate information in a timely manner to insure timely submission of the financial statements.

Internal Control:

2006-4 Lack of Written Policies and Procedures

Finding:

The Town's written policies and procedures are not complete. The Town should develop and adopt policies in the following areas: purchasing/procurement, accounting, investments, capital assets, etc.

Recommendation:

Written policies and procedures should be developed, adopted, and implemented.

Response:

The Town is in the process of developing written policies and procedures and will present these policies for adoption once completed.

Schedule of Findings and Questioned Costs Year Ended June 30, 2006

2006-5 <u>Customer Meter Deposit Liability Not Being Reconciled</u>

Finding:

The customer meter deposit detailed listing from the utility system is not being reconciled to the general ledger monthly.

Recommendation:

The customer meter deposit balance per general ledger should be compared to the deposit listing per the billing system at the end of each month.

Response:

The customer meter deposit detailed listing from the utility system will be reconciled to the general ledger on a monthly basis.

2006-6 Lack of Segregation of Duties

Finding:

An adequate segregation of duties does not exist in the area of accounting at Town Hall. Often the Town Clerk may collect payments on accounts, make deposits, and post the same deposit into the general ledger. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition; errors or fraud could occur and be undetected.

Recommendation:

There can be only a proper segregation of duties when both the Town Clerk and Assistant Clerk are performing their respective duties. However, if this is not the case, every attempt should be made to keep the general ledgers current which will allow the Mayor and Council to keep abreast of the Town's financial condition.

Response:

The Town will consider on how it can possibly strengthen its segregation of duties with present employees by shifting some responsibilities but believes that the cost to hire additional accounting personnel is not cost beneficial based upon the size of the Town's operations.

Schedule of Findings and Questioned Costs Year Ended June 30, 2006

2006-7 <u>Accounts Receivable Not Being Reconciled</u>

Finding:

The accounts receivable balance per the general ledger is not being compared to the customer accounts trial balance per the billing system. Errors or irregularities could be made in the recording of deposits, billings or adjustments without being detected in a timely manner.

Recommendation:

The accounts receivable balance per the general ledger should be compared to the accounts balance per the billing system at the end of each month.

Response:

The accounts receivable utility trial balance will be reconciled to the general ledger on a monthly basis.

2006-8 <u>Collection of Delinquent Utility Bills</u>

Finding:

The Town is not following its policy for collecting delinquent utility bills. The Towns policy states that disconnect notices are sent 16 days after the bill is mailed and that the Town will disconnect 14 days after this notice is sent out if the bill is not paid.

Recommendation:

The Town should enforce its cut off policies and procedures to ensure that all delinquent accounts are collected on a timely basis or that service is disconnected.

Response:

The Town will enforce its policies and procedures as stated in Ordinance #1 of 2006, dated March 13, 2006.

Schedule of Findings and Questioned Costs Year Ended June 30, 2006

2006-9 Computer System Updates

Finding:

The Town's computer system had not been updated, especially its Utility Billing System. Also, the Town did not have a backup system in place.

Recommendation:

The Town should review its computer operations on an ongoing basis and update all components and programs.

Response:

The Town has updated all aspects of its computer operations as of the issuance of the audit report.

2006-10 Financial Statements Not Prepared Timely and Not Accurate

Finding:

Financial Statements are not presented to the Board. Also, the accounting records are not accurate. There were numerous expenses miscoded in the accounting records.

Recommendation:

We recommend that the Clerk closely monitor the way invoices are coded and classified in the Town's Financial Statements. In addition, the Financial Statements should be presented to the Board in a timely manner.

Response:

The Clerk has been instructed on how to more accurately code expenses in the accounting records and will present accurate Financial Statements to the Board.

Schedule of Findings and Questioned Costs Year Ended June 30, 2006

Management Letter:

ML-1 Physical Inventory

Finding:

The Town of Grand Coteau has prepared a detailed list of fixed assets and adopted a capitalization policy; however, the Town has not conducted a complete physical inventory.

Recommendation:

The Town should conduct a complete physical inventory and compare to the compiled list of fixed assets.

Response:

The Town will prepare a detailed list of fixed assets, take a physical inventory and identify assets that belong to the Town and include a tag number on the listing of fixed assets.

ML-2 <u>Insufficient Sewer System Profits</u>

Finding:

The Town's Sewer Fund is continuing to generate insufficient profits.

Recommendation:

The Town's management should consider reviewing sewer rates, take the necessary steps to minimize losses and continue to monitor operating expenses to ensure that sufficient funds are generated from the operation of the sewer system.

Response:

The Town will review sewer rates.

Schedule of Findings and Questioned Costs Year Ended June 30, 2006

ML-3 Payroll Tax Returns Not Filed Timely

Finding:

The Quarterly Payroll Tax Returns were not prepared timely.

Recommendation:

The Town's Payroll Tax Returns should be filed timely.

Response:

The Town's monthly accountant has been assigned this responsibility and will file all returns timely.

Status of Prior Years Findings and Questioned Costs Year Ended June 30, 2006

Compliance:

2004-1

Budgeting

Finding:

The Town did not amend the General Fund budget in accordance with LSA-R.S. 39:1311(A) (2) that states when total actual expenditures plus projected expenditures exceed budgeted expenditures by five percent or more the budget must be amended. Total expenditures exceeded budgeted expenditures by \$45,762 or 6.8%.

This finding was cleared.

2002-3 Bond Payments

Finding:

The Town did not comply with the transfer procedures for the utility revenue bond issues. The utility bond issues require that amounts be transferred monthly to the Sinking, Reserve, and Contingency Accounts. No payments were made to these accounts until April of 2004. The April transfers were intended to represent transfers from prior months. Transfers were made for the incorrect amounts for May and June 2004.

This finding was not cleared.

Internal Control:

2003-1 Lack of Written Policies and Procedures

Finding:

The Town's written policies and procedures are not complete. The Town should develop and adopt policies in the following areas: purchasing/procurement, accounting, investments, capital assets, etc.

This finding was not cleared.

Status of Prior Years Findings and Questioned Costs Year Ended June 30, 2006

2003-2 Customer Meter Deposit Liability Not Being Reconciled

Finding:

The customer meter deposit detailed listing from the utility system is not being reconciled to the general ledger monthly.

This finding was not cleared.

2002-4 Lack of Segregation of Duties

Finding:

An adequate segregation of duties does not exist in the area of accounting at Town Hall. Often the Town Clerk may collect payments on accounts, make deposits and post the same deposit into the general ledger. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition; errors or fraud could occur and be undetected.

This finding was not cleared.

2002-5 Accounts Receivable Not Being Reconciled

Finding:

The accounts receivable balance per the general ledger is not being compared to the accounts balance per the billing system. Errors or irregularities could be made in the recording of deposits, billings or adjustments without being detected in a timely manner.

This findings was not cleared.

Status of Prior Years Findings and Questioned Costs Year Ended June 30, 2006

Management Letter:

ML-1 Physical Inventory

Finding:

The Town of Grand Coteau has prepared a detailed list of fixed assets and adopted a capitalization policy; however, the Town has not conducted a complete physical inventory.

This finding was not cleared.

OTHER SUPPLEMENTARY SCHEDULES

TOWN OF GRAND COTEAU, LOUISIANA ENTERPRISE FUNDS SCHEDULE OF OPERATING EXPENSES FOR THE YEAR ENDED JUNE 30, 2006

| Salaries and wages \$ 21,039 Payroll taxes 1,553 Contractual services 266,469 Gas purchases 266,469 Survey expense 21,288 Supplies 11,079 Other 8 Bad debt expense 6,700 Legal and accounting 2,138 Insurance 7,699 Repairs and maintenance 12,295 Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 Supplies Materials and supplies | GAS FUND EXPENSE Personal services | |
|---|------------------------------------|-----------|
| Contractual services 266,469 Survey expense 21,288 Supplies | Salaries and wages | \$ 21,039 |
| Contractual services 266,469 Survey expense 21,288 Supplies | - | 1,553 |
| Gas purchases 266,469 Survey expense 21,288 Supplies 11,079 Other | • | • |
| Survey expense 21,288 Supplies 11,079 Other 11,079 Bad debt expense 6,700 Legal and accounting 2,138 Insurance 7,699 Repairs and maintenance 12,295 Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 Supplies | Contractual services | |
| Supplies Materials and supplies 11,079 Other 8ad debt expense 6,700 Legal and accounting 2,138 Insurance 7,699 Repairs and maintenance 12,295 Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 | Gas purchases | 266,469 |
| Supplies Materials and supplies 11,079 Other 8ad debt expense 6,700 Legal and accounting 2,138 Insurance 7,699 Repairs and maintenance 12,295 Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 | Survey expense | 21,288 |
| Other Bad debt expense 6,700 Legal and accounting 2,138 Insurance 7,699 Repairs and maintenance 12,295 Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 | * | · |
| Other Bad debt expense 6,700 Legal and accounting 2,138 Insurance 7,699 Repairs and maintenance 12,295 Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 | Supplies | |
| Other Bad debt expense 6,700 Legal and accounting 2,138 Insurance 7,699 Repairs and maintenance 12,295 Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 Supplies | | 11,079 |
| Bad debt expense 6,700 Legal and accounting 2,138 Insurance 7,699 Repairs and maintenance 12,295 Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 | ** | • |
| Legal and accounting 2,138 Insurance 7,699 Repairs and maintenance 12,295 Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services 3alaries and wages 12,271 Payroll taxes 906 | Other | |
| Legal and accounting 2,138 Insurance 7,699 Repairs and maintenance 12,295 Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services 3alaries and wages 12,271 Payroll taxes 906 | | 6,700 |
| Insurance 7,699 Repairs and maintenance 12,295 Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services 312,271 Payroll taxes 906 Supplies | - | |
| Repairs and maintenance 12,295 Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services 363,345 WATER sund wages 12,271 Payroll taxes 906 | • | · |
| Seminar expense 513 Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services 3alaries and wages 12,271 Payroll taxes 906 | Repairs and maintenance | • |
| Utilities 3,698 Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 Supplies | - | |
| Telephone 318 Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 Supplies | • | 3,698 |
| Miscellaneous 1,344 Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 | | • |
| Drug testing 200 Dues and subscriptions 265 Bank charges - Engineering fee - Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 | - | 1,344 |
| Dues and subscriptions Bank charges Engineering fee Dottie Depreciation Total Gas Fund Expenses WATER FUND EXPENSES Personal services Salaries and wages Salaries and wages Payroll taxes Supplies | Drug testing | • |
| Bank charges Engineering fee Dottie Depreciation Total Gas Fund Expenses WATER FUND EXPENSES Personal services Salaries and wages Salaries and wages Payroll taxes Supplies | • | |
| Engineering fee Dottie 112 Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 Supplies | | • |
| Depreciation 6,635 Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 Supplies | | ~ |
| Depreciation6,635Total Gas Fund Expenses363,345WATER FUND EXPENSESPersonal servicesSalaries and wages12,271Payroll taxes906 | • | 112 |
| Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 Supplies | | |
| Total Gas Fund Expenses 363,345 WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 Supplies | Depreciation | 6,635 |
| WATER FUND EXPENSES Personal services Salaries and wages 12,271 Payroll taxes 906 Supplies | Total Gas Fund Expenses | |
| Personal services Salaries and wages 12,271 Payroll taxes 906 Supplies | | |
| Personal services Salaries and wages 12,271 Payroll taxes 906 Supplies | WATER FUND EXPENSES | |
| Payroll taxes 906 Supplies | Personal services | |
| Supplies | Salaries and wages | 12,271 |
| Supplies | Payroll taxes | • |
| | | |
| Materials and supplies 13,110 | Supplies | |
| | Materials and supplies | 13,110 |

ENTERPRISE FUNDS

SCHEDULE OF OPERATING EXPENSES (continued)

FOR THE YEAR ENDED JUNE 30, 2006

| WATER FUND EXPENSES (continued) | |
|---------------------------------|-------------------|
| <u>Other</u> | • • • • • • |
| Legal and accounting | \$ 2,138 |
| Insurance | 8,105 |
| Utilities | 6,114 |
| Repairs and maintenance | 25,626 |
| Telephone | 839 |
| Miscellaneous | 782 |
| Seminar expense | . 350 |
| Safe drinking water fee | 2,452 |
| Bad Debts | 6,151 |
| Engineering fees | 2,004 |
| <u>Depreciation</u> | <u> 26,259</u> |
| Total Water Fund Expenses | <u>107,107</u> |
| SEWER FUND EXPENSES | |
| Personal services | |
| Salaries and wages | 26,517 |
| Payroll taxes | 1,957 |
| Contractual services | |
| Analysis expense | 330 |
| Supplies | |
| Materials and supplies | 4,922 |
| <u>Other</u> | |
| Legal and accounting | 2,138 |
| Bad Debts | 5,215 |
| Repairs and maintenance | 6,089 |
| Utilities | 22,541 |
| Insurance | 8,525 |
| Miscellaneous | 162 |
| Dumpster | 42 |
| Travel | 77 |
| Training | 1,400 |
| Depreciation | 86,084 |
| Total Sewer Fund Expenses | 165,999 |
| Total Operating Expenses | <u>\$ 636,451</u> |

TOWN OF GRAND COTEAU, LOUISIANA COMBINED SCHEDULE OF BONDS PAYABLE JUNE 30, 2006

| | | | _ | | | |
|----------|-------------------------|-----------------------------------|---------------|--------------------------------------|---------------|---------------------|
| , | OUTSTANDING | \$93,238 | 48,708 | 197,012 | 91,000 | \$429,958 |
| BONDS | RETIRED | \$ 113,591 | 59,341 | 27,988 | 34,000 | \$234,920 |
| BOI | ISSUED | \$206,829 | 108,049 | 225,000 | 125,000 | \$664,878 |
| | AUTHORIZED | \$206,829 | 108,049 | 225,000 | 125,000 | \$664,878 |
| ANNUAL | SERIAL PAYMENTS | Varies | Varies | Varies | Varies | |
| FINAL | MATURITY <u>DATE</u> | 4/01/2011 | 4/01/2011 | 10/17/2036 | 4/01/2018 | |
| | ISSUE <u>DATE</u> | 10/01/98 | 86/10/01 | 2/17/95 | 2/01/98 | |
| INTEREST | PAYMENT <u>DATE</u> | 10/03 04/04 | 10/03 | 17 th of each month | 10/03 | |
| ITNI | RATES | 7.20% | 7.20% | 4.50% | %00:9 | |
| | | REVENUE BONDS Sewerage utility | Water utility | Sewerage utility | Water utility | Total revenue bonds |

TOWN OF GRAND COTEAU, LOUISIANA COMBINED SCHEDULE OF INVESTMENTS – ALL FUNDS JUNE 30, 2006

| | INTEREST RATES | MATURITY DATE | TOTAL BOOK VALUE |
|------------------------------|-------------------|------------------|---------------------|
| ENTERPRISE FUNDS | | | _ |
| Certificate of Deposit | | | |
| Bank of Sunset and Trust Co. | 1.35% | 9/19/05 | \$37,350 |
| Certificate of Deposit | | | |
| Bank of Sunset and Trust Co. | 2.00% | 12/7/05 | 26,298 |
| Certificate of Deposit | | | |
| Bank of Sunset and Trust Co. | 1.35% | 9/19/05 | _1,078 |
| | | | , |
| Total | | | <u>\$64,726</u> |

TOWN OF GRAND COTEAU, LOUISIANA SCHEDULE OF INSURANCE IN FORCE JUNE 30, 2006 (UNAUDITED)

| | | EFFECTIVE DATES | | |
|---|---------------------------------------|---------------------------|---------|----------|
| INSURER | TYPE OF COVERAGE | LIMITS OF COERAGE | FROM | OT |
| Louisiana Municipal Risk Management Agency | Workmen's Compensation | Statutory | Monthly | Monthly |
| Risk Management | Bodily injury Property damage | \$500,000 | 5/1/06 | 2/1/07 |
| | Bodily injury Property damage | \$500,000 | 5/1/06 | 5/1/07 |
| Western Surety Bond | Position Bond | \$246,000 | 9/15/05 | 90/12/06 |
| | Blanket Bond | \$ 5,000 | 10/1/05 | 10/1/06 |
| EMC Insurance Company | Fire, extended coverage and vandalism | \$1,501,893 | 1/14/06 | 1/14/07 |
| EMC Insurance Company | Property damage | \$92,712 | 3/17/06 | 3/17/07 |
| | | \$500 deductible | | |
| Risk Management | Personal injury | \$500,000 | 5/1/06 | 2/1/07 |
| | Property damage | \$1,000 each claimant for | | |
| | Errors and omissions | law enforcement | | |

TOWN OF GRAND COTEAU, LOUISIANA SCHEDULE OF COMPENSATION PAID TO MAYOR AND COUNCIL FOR THE YEAR ENDED JUNE 30, 2006

COMPENSATION PAID TO MAYOR AND COUNCIL

The compensation of the Town of Grand Coteau's governing body is included in the general administrative expenditures of the General Fund. The Mayor is paid \$600 per month and the board members are paid \$150 per month. Board members are also paid \$75 for any special meetings attended.

| | COMPENSATION |
|--|---------------------|
| Jean C. Coco, Mayor P.O. Box 312 | |
| Grand Coteau, LA 70541 | |
| (337) 662-3838 | , |
| Term expires December 31, 2006 | \$7,200 |
| David T. Richard, Alderman P.O. Box 15 | |
| Grand Coteau, LA 70541 (337) 662-6905 | |
| Term expires December 31, 2006 | 2,175 |
| Russell Richard, Jr., Alderman P.O. Box 117 | |
| Grand Coteau, LA 70541 (337) 662-3603 | |
| Term expires December 31, 2006 | 2,025 |
| Wallace Belson, Jr. P.O. Box 55 | |
| Grand Coteau, LA 70541 | |
| (337) 662-3584 Term expires December 31, 2006 | 2,025 |
| remi expires December 51, 2000 | 2,023 |
| Wilton Guidry P.O. Box 457 | |
| Grand Coteau, LA 70541 | |
| (337) 662-3484 | |
| term expires December 31, 2006 | 2,025 |
| Robert Landry | |
| P.O. Box 297 Grand Cotony, I.A. 70541 | |
| Grand Coteau, LA 70541 (337) 662-3981 | |
| term expires December 31, 2006 | 2,025 |
| | |

Town of Grand Coteau

P.O. Drawer G Grand Coteau, Louisiana 70541 (337) 662-5246 • Fax (337) 662-5701

OFFICIALS
GAIL LARK, Mayor
MARGARET COCO, Chief
DENISE J. MOORE, CM, Town Clerk
BRENDA DUGAS, Asst. Clerk
DAVID NEVILLS, Town Supervisor

ALDERMEN
PAMELA BARRIERE
WILTON GUIDRY
SHATERRAL JOHNSON
JOHN LEWIS, SR.
JOHN SLAUGHTER

January 19, 2007

VIGE, TUJAGUE & NOEL, CPA'S P.O. BOX 1006 EUNICE, LA 70535

RE: Management Response

The following is our response to your recommendation we received in the Town of Grand Coteau's Financial Statements as of June 30, 2006.

2006-1 Bond Payments

The monthly transfers to the Sinking, Reserve, and Contingency Accounts will be made monthly as required.

2006-2 Accounting for Sales Tax Monies

The Town will transfer sales tax monies into the Utility Funds and clearly account for expending the funds for their dedicated purpose.

2006-3 Failure to Submit Audit in a Timely Manner

The Town will provide the appropriate information in a timely manner to insure timely submission of the financial statements.

2006-4 Lack of Written Policies and Procedures

The Town is in the process of developing written policies and procedures and will present these policies for adoption once completed.

2006-5 Customer Meter Deposit Liability Not Being Reconciled

The customer meter deposit detailed listing from the utility system will be reconciled to the general ledger on a monthly basis.

2006-6 <u>Lack of Segregation of Duties</u>

The Town will consider on how it can possibly strengthen its segregation of duties with present employees by shifting some responsibilities but believes that the cost to hire additional accounting personnel is not cost beneficial based upon the size of the Town's operations.

2006-7 Accounts Receivable Not Being Reconciled

The accounts receivable utility trial balance will be reconciled to the general ledger on a monthly basis.

2006-8 Collection of Delinquent Utility Bills

The Town will enforce its policies and procedures as stated in Ordinance #1 of 2006, dated March 13, 2006.

2006-9 Computer System Updates

The Town has updated all aspects of its computer operations as of the issuance of the audit report.

2006-10 Financial Statements Not Prepared Timely and Not Accurate

The Clerk has been instructed on how to more accurately code expenses in the accounting records and will present accurate Financial Statements to the Board.

ML-1 Physical Inventory

The Town will prepare a detailed list of fixed assets, take a physical inventory and identify assets that belong to the Town and include a tag number on the listing of fixed assets.

ML-2 Insufficient Sewer System Profits

The town will review sewer rates.

ML-3 Payroll Tax Returns Not Filed Timely

The Town's monthly accountant has been assigned this responsibility and will file all returns timely.

Gail Lark - Mayor